

AUDITED FINANCIAL STATEMENTS

**WILSON COUNTY/LEBANON
DEVELOPMENT BOARD**

Lebanon, Tennessee

Year Ended June 30, 2009

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

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INDEPENDENT AUDITORS' REPORT

To the Division of County Audit, State of Tennessee and
the Board of Directors,
Wilson County/Lebanon Development Board
Lebanon, Tennessee 37087

We have audited the accompanying financial statements of the business-type activity of the Wilson County/Lebanon Development Board as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Wilson County/Lebanon Development Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity of the Wilson County/Lebanon Development Board as of June 30, 2009 and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2010 on our consideration of Wilson County/Lebanon Development Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the

results of our audit.

The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Dempsey Vintreax & Fellers, PLLC

Lebanon, Tennessee
January 31, 2010

Management's Discussion And Analysis

This section of the Wilson County/Lebanon Development Board's audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- > The Organization's net assets decreased \$191,960 over the course of the fiscal year ended June 30, 2009's operations. The decrease in net assets is a 31.74% decrease from the fiscal year ended June 30, 2008.
- > There was no income from ongoing operations this year and also, no operating expenses. Due mainly because of no sale of land.
- > Balances of cash and cash equivalents decreased \$191,960 or 31.74% during the fiscal year ended June 30, 2009, due mainly to the transfer to the General fund.

Overview Of The Financial Statements

This annual report consists parts- management's discussion and analysis (this section), the basic financial statements, and information required by Government Auditing Standards. The basic financial statements of a proprietary fund offer short and long term financial information about the activities the government operates like businesses. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis Of The Organization As A Whole

Net Assets. The Organization's net assets decreased \$191,960 between fiscal years 2008 and 2009. In comparison, net assets for the fiscal year ended June 30, 2008 increased \$5,480 from the fiscal year ended June 30, 2007. There was no income from ongoing operations this fiscal year because the Organization sold no land during the current fiscal year. The following table summarizes the Organization's net assets for the fiscal year ended June 30, 2009 and 2008:

Wilson County/Lebanon Development Board
Net Assets

	2009	2008	% Change
Current and Other Assets	\$412,920	\$604,880	-31.74%
Total Assets	<u>\$412,920</u>	<u>\$604,880</u>	-31.74%
Current and Other Liabilities	<u>\$0</u>	<u>\$0</u>	0.00%
Net Assets			
Unrestricted	\$412,920	\$604,880	-31.74%
Total Net Assets	<u>\$412,920</u>	<u>\$604,880</u>	-31.74%

Changes in Net Assets: The Organization had no revenues and operating expenses for the fiscal year ending June 30, 2009. The Organization had non-operating expenses of \$191,960 for the year. That caused a decrease in net assets of \$191,960. Comparisons of changes in net assets are presented below:

Wilson County/Lebanon Development Board
Change in Net Assets

	2009	2008	% Change
Operating Revenues	\$0	\$483,072	-100.00%
Operating Expenses	\$0	\$287,641	-100.00%
Operating Income (Loss)	\$0	\$195,431	-100.00%
Non-operating Revenues(Expense)	(\$191,960)	(\$189,951)	1.06%
Change in Net Assets	<u>(\$191,960)</u>	<u>\$5,480</u>	-3602.93%

Contacting The Organizations Financial Management

This financial report is designed to provide information to the citizens, taxpayers, and customers of Wilson County/Lebanon Development Board about the Board's finances and to demonstrate the Organization's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Wilson County/Lebanon Development Board, 200 Castle Heights Avenue North, Lebanon, TN 37087.

WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF NET ASSETS

June 30, 2009

ASSETS

Cash	\$ 2,364.15
Investment in State Investment Pool	300,406.75
Land, Held for Resale	110,148.78
Total Assets	<u><u>\$ 412,919.68</u></u>

LIABILITIES AND NET ASSETS

Net Assets:	
Unrestricted	<u>\$412,919.68</u>
Total Liabilities and Net Assets	<u><u>\$412,919.68</u></u>

See notes to financial statements

WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2009

OPERATING INCOME

Sale of Land	\$ -
Total Operating Income	<u>-</u>

EXPENSES

Cost of Land Sold	-
Total Expenses	<u>-</u>

NET OPERATING INCOME -

NON-OPERATING INCOME (EXPENSE)

Interest Income	8,039.56
Transfer to City of Lebanon, Tennessee	<u>(200,000.00)</u>
Total Non-Operating Expense	<u>(191,960.44)</u>

DECREASE IN NET ASSETS (191,960.44)

NET ASSETS

July 1, 2008	<u>604,880.12</u>
June 30, 2009	<u><u>\$ 412,919.68</u></u>

See notes to financial statements

**WILSON COUNTY/LEBANON DEVELOPMENT BOARD
STATEMENT OF CASH FLOWS**

Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from Customers	\$ -
Net Cash Provided By Operating Activities	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Transfer to City of Lebanon, Tennessee	(200,000.00)
Interest Earnings	8,039.56
Net Cash Used In Investing Activities	<u>(191,960.44)</u>

NET DECREASE IN CASH AND TEMPORARY INVESTMENTS (191,960.44)

CASH AND TEMPORARY INVESTMENTS - JULY 1, 2008 494,731.34

CASH AND TEMPORARY INVESTMENTS - JUNE 30, 2009 \$ 302,770.90

**RECONCILIATION OF OPERATING INCOME TO
CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Operating Income	\$ -
Changes in Current and Deferred Items	
Decrease in Land Held for Sale	-
Decrease in Accrued Development Costs	<u>-</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ -

See notes to financial statements

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTES 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wilson County/Lebanon Development Board is a joint committee between the City of Lebanon, Tennessee and Wilson County, Tennessee established pursuant to resolutions enacted by the City of Lebanon on November 17, 1987 and by Wilson County on November 16, 1987. The purpose is to seek out those enterprises which will add to the development of the tax base of Wilson County, foster the development of suitable industry and commercial development, facilitate the development of retail establishments, and aid in the securing of governmental aid, where possible. Each entity is to contribute 50% when needed for development costs, and each entity is to have a 50% equity in the ultimate fund assets, if any, after the sale of all the property.

B. BASIS OF PRESENTATION

The Wilson County/Lebanon Development Board is being accounted for as an enterprise fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are financed primarily through user charges.

C. ACCOUNTING BASIS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Enterprise funds are accounted for using accrual basis of accounting. The revenues are recognized when they are earned and expenses are recognized when they are incurred.

The Board's financial statements have been prepared in conformity with all applicable GASB pronouncements as well as all FASB pronouncements issued subsequent to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

WILSON COUNTY/LEBANON DEVELOPMENT BOARD

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2009

NOTES 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

D. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, the fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

E. RISK FINANCING AND RELATED INSURANCE ISSUES

The Board is an additional insured on the insurance policies carried and paid for by Wilson County. It is the policy of the County to purchase commercial insurance for the risks of losses to which the Board is exposed. These risks include general liability and property & casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

F. CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

The Board's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Board maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Board generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized, unless they exceed \$5,000. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

NOTE 2 - CASH AND INVESTMENTS

The deposits of the Wilson County/Lebanon Development Board at the year end were entirely covered by federal depository insurance. At year end the Board also had an investment in the State Pooled Investment Fund of \$300,407. ✓

INTERNAL CONTROL AND COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Comptroller of the Treasury
and the Board of Directors
Wilson County/Lebanon Development Board
Lebanon, Tennessee

We have audited the financial statements of the business-type activity of the Wilson County/Lebanon Development Board (the "Board"), as of and for the year ended June 30, 2009, which collectively comprise the Wilson County/Lebanon Development Board's basic financial statements and have issued our report thereon dated January 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all

deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dempsey Ventrease & Folio, PLLC

Lebanon, Tennessee
January 31, 2010